

This record is a partial extract of the original cable. The full text of the original cable is not available.

UNCLAS SECTION 01 OF 02 BRASILIA 001533

SIPDIS

NSC FOR DEMPSEY
TREASURY FOR SSEGAL
AID FOR LAC/SAM

E.O. 12958: N/A

TAGS: [SO](#) [CI](#) [EA](#) [ID](#) [PG](#) [OV](#) [PH](#) [UM](#) [EL](#) [AB](#) [EC](#) [ON](#) [BR](#)
SUBJECT: MAKING ENDS MEET IN BRASILIA

1. SUMMARY. Notwithstanding all its ministry buildings, rigid urban design and untypical (for Brazil) physical separation from slums and shantytowns, Brasilia is permeated with low-income earners working on the fringes of the formal economy or filling informal jobs. They are endemic at the lively produce market, at the city park, and in the small shops of Brazil's more modest commercial streets. It is from this class that current President Lula rose and to which, in large part, his election is ascribed. Econoff asked several long-standing personal contacts of this station to fill out surveys of monthly income and spending habits, for insight into the lives and day-to-day struggles of these workhorses. This unscientific survey, if anything, attested to a deepened hardship in the lives of Brazil's marginal classes under Lula. End summary.

2. Econoff presented eight acquaintances with the survey form, which asked for basic personal information and amounts spent in 17 broad categories including survival essentials, consumer goods, rent, transportation, and taxes. Among those surveyed were self-appointed "car guards" who stake out their long-term territory on the shopping streets and parking lots to guide vehicles into parking spaces, wash cars, and watch cars so the vehicles will not get vandalized. Two out of the three car guards who were approached with the survey were illiterate, thus unable to participate. Another of the eight to not participate was newsstand-owner Fernando. He said, "I'm sorry I will not fill this out, but no one knows what I make: not my wife, my children, the government, nor even God." Apart from the car-washer who did fill in the form, the five respondents comprised two micro-business owners, a soap saleswoman, and a clothing store clerk.

3. Ediclea is a single twenty-year-old mother of two who has been working as a "car guard" at the city park for 15 years (sic). She and her mother work at one of the parking lots seven days a week. Ediclea often brings her infant and toddler, who can be expected to be recruited into the "family business" in a few years. For the survey month, Ediclea personally made 100R from pocket change for watching customers' cars. Her father is retired from working at a bicycle shop and heads the household of eight family members. Four of them work, for a total of just over 900 Reals (one USD = roughly 3.10 Reals) per month, yielding a combined family income of 1150R when added to the father's 240R minimum-wage pension. Food, water, and utilities consume 35% of the family total income. The family tax bite is 17%, which is most likely INSS (social security taxes). Clothing and household goods accounted for 39%, and the balance of 9% was spent on medicine for the survey month.

4. Antonia is a 52-year-old married woman with two students in the household. She and her husband have had an exotic juice business at a produce market for 11 years. She charges 1R for a cup of juice, 3.50R for a small bottle, and 8R for a large container. The couple grossed 1500R in the survey month. The business' net profit has declined steadily for the last five years, says Antonia, due to increases in Amazon fruit prices, container costs, and transportation costs, which they have been unable to pass on to consumers. Taxes consume 20% of their income. Even though they are in the food business, their food costs are the greatest expense incurred by the family in the survey month, at 40% of their income. Transportation accounted for another 20% of expenditures, followed by telephone bills (9%), electricity and medicine (both 6%), and water (5%). Antonia was forced to tap into savings for 120R to meet expenses for the month.

5. Antonio washes cars for 5R a pop and earns 10R for a wash and wax at the same market where Antonia sells juice. At thirty-eight, he is the sole supporter of his family of five, and made 500R last month. He is not liable for paying any income tax, does not pay social security tax, and has no housing expenses, since he lives in a small shack which he built himself with scrap materials he accumulated. The lion's share (44%) of his income in the survey month went to clothing (100R) and transportation (120R). All other expenditures were 40R or under: food, alcohol, cigarettes, a loan repayment of 25R, water,

electricity, household goods, water, telephone, medicine, and presents. He is one of ten children who assists in supporting his mother by giving her 30R per month.

16. Fifty-three-year-old Angelica sells soap at local fairs and reports that she made 200R during the survey month. She and her taxi-driver husband have an empty nest. Some of Angelica's living expenses are paid by her sister who works for the state government, her manicurist daughter who lives in another town, and her husband. Last month, Angelica paid 50R in taxes, 30R for her basic monthly telephone charge, and 80R for food. A chain smoker, she also inhaled 40R worth of cigarettes.

17. Rosangela, 20, has worked at a clothing store for the past five months with a salary (no commission) of 350R per month, and studies at a private college. She lives with her family of eight and contributes 150R per month for general household living expenses, 50R for household goods, and 10R for the monthly phone bill. She always walks to work, but occasionally takes the city bus to other locales (1.60R flat fare), and spent roughly 10R for that purpose. She has an educational loan with 70R monthly payments, and spends 20R per month on fast food. In an act of discipline for someone of this age working in a clothing store, she only purchased 35R of clothes. The balance of her income was used to purchase a small gift.

18. According to a 2002 study conducted by SEBRAE, the Brazilian support organization for small business, in Brazil's eight major metropolitan areas, including Brasilia, there are 1.4 million informal workers with an average income of 903 Reals per month. Three of the four people that Econoff surveyed earning a living on Brasilia's informal economy earned less than that average. Formal-economy workers earn substantially more: according to the Brazilian Institute of Geography and Statistics (IBGE) their average income is 1,789 R per month. Residents of Brasilia -- a privileged government town which unlike Rio, Sao Paulo, and virtually all other Brazilian urban centers does not contain sprawling low-income zones or slums; the latter's equivalent are instead located in separate 'satellite cities' up to an hour away -- enjoy an average income of 3,241 R, according to the same IBGE tables.

19. COMMENT. This (admittedly unscientific) survey contained zero that would attest to any improvement in the lives of Brazil's marginal classes under Lula's government or for that matter in the later years of Cardoso's since 1998. None of these five people reported any income increase in the last five years, and the only person with a business reported declining profits over the last years. No one reported that they saved any portion of their remuneration, nor make rental or house payments. Indeed, the main device for these persons of humble station to get by seems to be their ability to economize on habitation costs. With the exception of Rosangela, those surveyed either live in the satellite cities in hand-built shacks, or live with others who have erected these make-shift structures. The extended family is alive and well in Brasilia, partially propagated by economic necessity, as family members pool their money for day-to-day survival.

HRINAK